

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

REDACTED

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
1. FAWAZ MAHMOUD WAZWAZ, and)
)
2. GENEVIEVE MARIE McCULLOUGH,)
)
)
Defendants.)

INDICTMENT

CR10-154 PAM/FLN

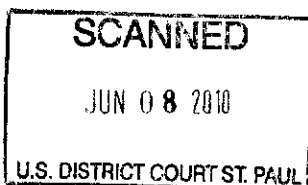
(18 U.S.C. § 371)
(18 U.S.C. § 1341)
(18 U.S.C. § 1343)
(18 U.S.C. § 981(a)(1)(C))
(28 U.S.C. § 2461(c))

THE UNITED STATES GRAND JURY CHARGES THAT:

1. At all times relevant to this Indictment, defendants Fawaz Mahmoud Wazwaz (hereinafter, "Wazwaz") and Genevieve Marie McCullough (hereinafter, "McCullough") were individual residents of the State of Minnesota.

2. At all times relevant to this Indictment, defendant Wazwaz was employed as a loan officer, primarily at Commonsense Mortgage, Inc., a mortgage brokerage business located in Shoreview, Minnesota. In that capacity, Wazwaz brokered or "originated" mortgage loans by finding borrowers, preparing loan applications based upon the financial characteristics of those borrowers, and then submitting those applications to lenders to induce lenders to loan to those borrowers.

3. At all times relevant to this Indictment, defendant McCullough was employed as a real estate closer with two title companies, first with Title and Closing, Inc. (from 2002 through



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March of 2005) and then with Excel Title (from April 2005 through 2007). In that capacity, at both companies, and as McCullough well knew and believed, McCullough was supposed to prepare and oversee the closing of each real estate transaction between a buyer and a seller by i) preparing a HUD-1 settlement statement which precisely reflected the anticipated sources and uses of funds with respect to the transaction; ii) submitting the HUD-1 settlement statement to the lender for approval; and iii) then closing the transaction by collecting and disbursing funds in accordance with the HUD-1 settlement statement approved by the lender, as supplemented by the written instructions provided by the lender.

COUNT 1

(18 U.S.C. § 371: Conspiracy to Commit Mortgage Fraud
Through Use of an Interstate Carrier and
Through Use of the Interstate Wires)

4. Beginning in approximately 2004 and continuing through 2006, in the State and District of Minnesota, the defendants,

**FAWAZ MAHMOUD WAZWAZ, and
GENEVIEVE M. McCULLOUGH,**

did unlawfully, willfully and knowingly conspire, combine, confederate and agree with other persons known and unknown to the grand jury to commit an offense against the United States, that is, to devise a scheme and artifice to defraud mortgage-lending institutions located throughout the United States, and to obtain money and property from mortgage-lending institutions by means of

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material false and fraudulent representations and promises and, for the purpose of executing such scheme, to cause to be deposited matters and things to be sent and delivered by a commercial interstate carrier, in violation of Title 18, United States Code, Section 1341, and to cause to be transmitted by means of interstate wire certain writings, signs, signals, pictures and sounds, in violation of Title 18, United States Code, Section 1343. .

OBJECT OF THE CONSPIRACY

5. It was the object of the conspiracy to recruit numerous straw buyers, including Wazwaz's wife and coconspirator Taleb Wazwaz, to purchase entirely with fraudulently borrowed funds numerous homes in the Twin Cities Metropolitan area at inflated prices, and then to distribute the loan proceeds to Wazwaz, the straw buyers and other persons involved in the transactions without the knowledge or consent of the lenders, occasioning losses to those lenders exceeding \$2,500,000.

MANNER AND MEANS

It was part of the conspiracy that from in or about 2004 through 2006:

6. Defendant Wazwaz's role in the conspiracy was to do all of the following:

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a. to recruit straw buyers, including, among others, his wife and coconspirator Taleb Wazwaz, to purchase homes in the Twin Cities at inflated prices with borrowed funds;

b. to arrange for a colluding, unindicted appraiser to prepare appraisals for the properties supporting the inflated prices;

c. to obtain mortgage loans for the straw buyers in the full amount of the inflated purchase prices (less a down payment amount usually provided by Wazwaz) by filling out loan applications for the straw buyers which in most cases were materially false and misleading in that many of the loan applications overstated the straw buyers' income; misrepresented their employment; falsely stated that the buyers intended to utilize the properties as their primary residences; and in many cases failed to disclose other mortgage obligations incurred by the straw buyers pursuant to the scheme.

d. to provide down payment assistance to each of the straw purchasers which was not disclosed to the lenders; and

e. to arrange for McCullough to close each of the transactions because of her willingness to disburse substantial loan proceeds (roughly equal in each case to the amount by which the straw purchasers' loans exceeded what the sellers really wanted for the properties) to Wazwaz, the straw buyers and others involved

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in the transactions in direct violation of the disbursement instructions in the HUD-1 settlement statements approved by the lenders as supplemented by the instructions provided by each lender prior to closing.

7. Defendant McCullough's role in the conspiracy was to do all of the following:

a. to close numerous fraudulent transactions for Wazwaz, sometimes for above-average fees, thereby generating repeating business and substantial income for herself;

b. in closing the transactions, to disburse approximately \$1 million in the sellers' proceeds to the straw buyers involved in the deals, or to entities which she knew to be controlled by the straw buyers, in violation of representations made to the lenders in HUD-1 settlement statements McCullough prepared and submitted to the lenders prior to closing, and in violation of instructions provided to McCullough by the lenders involved in the transactions;

c. in closing the transactions, to disburse approximately \$1 million in sellers' proceeds to Wazwaz and others which were in addition to origination fees and yield spread premiums charged by Commonsense Mortgage, in violation of representations made to the lenders in HUD-1 settlement statements McCullough prepared and submitted to the lenders prior to closing,

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and in violation of instructions provided to McCullough by the lenders involved in the transactions; and

d. in some cases, affirmatively to conceal from the lenders that she was handing out money otherwise than as approved by the lenders by sending a false HUD-1 to the lenders after closing which did not accurately reflect how McCullough actually disbursed loan proceeds at the closings.

8. Coconspirator Taleb Wazwaz's role in the conspiracy was to purchase almost entirely with borrowed funds, and with undisclosed down payment assistance provided by defendant Wazwaz, 4 residences in Minneapolis and 1 residence in St. Paul, in each case borrowing more for the properties than the sellers wanted for them, and then to receive from McCullough checks for more than \$375,000 written to Taleb Wazwaz or to Iman Sun, Inc., an entity which McCullough knew was an alter ego for Taleb Wazwaz.

9. Each of the loans involved in the scheme described above went into default, occasioning losses to the lenders involved in the transactions exceeding \$2.5 million.

OVERT ACTS

10. In furtherance of the conspiracy and to achieve its object, the defendants, directly and through accomplices, committed, among other acts, the following overt acts with respect

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to transactions involving the properties at the addresses listed below:

XXXX IRVING AVENUE NORTH, MINNEAPOLIS, MN

11. On or about January 28, 2005, defendant Wazwaz caused straw purchaser AW to purchase the property listed above with funds fraudulently borrowed from BNC Mortgage.

12. On or about January 28, 2005, defendant McCullough paid \$41,473.90 of the seller's proceeds to AW which she knew BNC had not approved.

13. On or about January 28, 2005, defendant McCullough sent BNC a HUD-1 settlement statement which was false in that it did not disclose the \$41,473.90 payment to AW (and which instead indicated that the seller received this amount), even though she prepared an accurate HUD-1 settlement statement which she included only in the title file of her employer, Title and Closing, Inc.

XXXX 1ST AVENUE SOUTH, MINNEAPOLIS, MN

14. On or about January 24, 2005, defendant Wazwaz caused his wife to purchase as a straw buyer the property listed above for the greatly inflated price of \$425,000.

15. On or about January 24, 2005, defendant McCullough paid \$179,388 from the closing of the transaction to Wazwaz which she knew the lender had not approved.

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XXXX 30th STREET, MINNEAPOLIS, MN

16. On or about January 31, 2005, defendant Wazwaz caused his wife to purchase as a straw buyer the property listed above for the inflated price of \$188,000.

17. On or about January 31, 2005, defendant McCullough paid \$60,000 from the closing of the transaction to Wazwaz which she knew the lender had not approved.

XXXX QUEEN AVENUE NORTH, MINNEAPOLIS, MN

18. On or about January 31, 2005, defendant Wazwaz caused his wife to purchase as a straw buyer the property listed above for the inflated price of \$185,000.

19. On or about January 31, 2005, defendant McCullough paid \$60,000 from the closing of the transaction to Wazwaz which she knew the lender had not approved.

XXXX FREEMONT AVENUE NORTH, MINNEAPOLIS, MN

20. On or about January 31, 2005, defendant McCullough closed a transaction in which Wazwaz arranged for straw buyer RY to purchase the property listed above by paying \$37,000 of the seller's proceeds to RY and \$13,000 of seller's proceeds to Wazwaz which she knew had not been approved by the lender.

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XXXX KNOX AVENUE NORTH, MINNEAPOLIS, MN

21. On or about February 8, 2005, defendant Wazwaz caused his wife to purchase as a straw buyer the property listed above for the inflated price of \$197,000.

22. On or about February 8, 2005, defendant McCullough paid \$59,000 from the closing of the transaction to Wazwaz which she knew the lender had not approved.

XXXX BENJAMIN STREET, FRIDLEY, MN

23. On or about March 18, 2005, defendant Wazwaz caused his cousin TW to purchase the property listed above from another cousin TW (same initials, different cousin) by providing TW with \$47,200 in undisclosed down payment assistance.

24. On or about March 18, 2005, defendant McCullough paid \$55,200 of the seller's proceeds to Wazwaz which she knew the lender had not approved, and which was nowhere disclosed on the HUD-1 settlement statement, including a check for precisely \$47,200 to reimburse Wazwaz for the down payment assistance he had given to TW.

XXXX BLOOMINGTON AVENUE SOUTH, MINNEAPOLIS, MN

25. On or about April 7, 2005, Wazwaz caused straw buyer OS to purchase the property listed above with funds fraudulently borrowed from BNC Mortgage.

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26. On or about April 7, 2005, McCullough closed the transaction by paying Wazwaz \$41,400 which was not disclosed to BNC Mortgage or included on any HUD-1 settlement statement in the title file, the lender file or elsewhere.

XXXX COLFAX AVENUE NORTH, MINNEAPOLIS, MN

27. On or about April 12, 2005, defendant Wazwaz caused straw purchaser AW to purchase the property listed above with funds fraudulently borrowed from BNC Mortgage.

28. On or about April 12, 2005, defendant McCullough paid \$40,600 of the seller's proceeds to RCL Construction, a company owned by AW, which she knew BNC had not approved.

29. On or about April 12, 2005, defendant McCullough sent BNC a HUD-1 settlement statement which was false in that it did not disclose the \$40,600 payment to AW's company (and which instead indicated that the seller received this amount), even though she prepared a HUD-1 settlement statement which reflected the \$40,600 payment (although it reflected an incorrect payee) which she included only in the file of her employer, Excel Title, but which she concealed from BNC.

XXX BLAIR AVENUE, ST. PAUL, MN

30. On or about April 18, 2005, defendant McCullough closed a transaction in which defendant Wazwaz himself purchased the property listed above by paying \$60,000 to Wazwaz which she knew

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the lender had not approved and which was not disclosed to the lender or included on any HUD-1 settlement statement in the title file, the lender file or elsewhere.

XXX DUCHESS STREET, ST. PAUL, MN

31. On or about April 18, 2005, defendant McCullough closed a transaction in which defendant Wazwaz himself purchased the property listed above by paying \$55,000 to Wazwaz which she knew the lender had not approved and which was not disclosed to the lender or included on any HUD-1 settlement statement in the title file, the lender file or elsewhere.

XXXX FREEMONT AVENUE NORTH, MINNEAPOLIS, MN

32. On or about April 29, 2005, defendant McCullough closed a transaction in which defendant Wazwaz himself purchased the property listed above by paying \$65,000 to Wazwaz which she knew the lender had not approved and which was not disclosed to the lender or included on any HUD-1 settlement statement in the title file, the lender file or elsewhere.

XXXX ALBAMARLE STREET, SAINT PAUL, MN

33. On or about May 31, 2005, defendant McCullough closed a transaction in which Wazwaz arranged for coconspirator Taleb Wazwaz to purchase the property listed above by paying, contrary to the HUD-1 McCullough had submitted to the lender for approval, \$44,456

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of the seller's proceeds to Taleb Wazwaz and \$10,000 of seller's proceeds to Wawaz.

XXX WESTERN AVENUE NORTH AND XXX CAPITAL HEIGHTS, ST. PAUL, MN

34. On or about June 10, 2005, Wazwaz brokered mortgages for AJ with BNC Mortgage, the straw purchaser of the properties listed above who was recruited by unindicted coconspirator AA.

35. On or about June 10, 2005, defendant McCullough paid \$56,000 from each closing (\$112,000) to "Jad Uzi Properties," owned by AA, without disclosing those payments to BNC Mortgage or listing them on any HUD-1 settlement statement in the title files, the lender files or elsewhere.

XXXX 16TH AVENUE SOUTH, MINNEAPOLIS, MN

36. On or about June 15, 2005, defendant McCullough closed a transaction in which Wazwaz arranged for coconspirator Taleb Wazwaz to purchase the property listed above by paying \$33,260.94 to Iman Sun Properties, which she knew to be an alter ego for Taleb Wazwaz, a material fact of which she knew the lender was unaware.

XXXX 11TH AVENUE SOUTH, MINNEAPOLIS, MN

37. On or about June 23, 2005, defendant McCullough closed a transaction in which Wazwaz arranged for coconspirator Taleb Wazwaz to purchase the property listed above by paying \$43,000 to Taleb Wazwaz which she knew the lender had not approved and which was not

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disclosed to the lender or included on any HUD-1 settlement statement in the title file, the lender file or elsewhere.

XXXX CEDAR AVENUE SOUTH, MINNEAPOLIS, MN

38. On or about July 22, 2005, defendant McCullough closed a transaction in which Wazwaz arranged for coconspirator Taleb Wazwaz to purchase the property listed above by paying \$79,101.14 directly to Taleb Wazwaz which she knew the lender had not approved and which was not disclosed to the lender or included on any HUD-1 settlement statement in the title file, the lender file or elsewhere.

XXX WASHINGTON AVENUE SOUTH, UNIT XXX, MINNEAPOLIS, MN

39. On or about July 22, 2005, defendant McCullough closed a transaction in which Wazwaz arranged for coconspirator Taleb Wazwaz to purchase the property listed above by paying \$152,718.40 to Iman Sun Properties, which she knew to be an alter ego for Taleb Wazwaz, a material fact of which she knew the lender was unaware.

XXX WASHINGTON AVENUE SOUTH, UNIT XXX, MINNEAPOLIS, MN

40. On or about September 15, 2005, defendant McCullough closed a transaction in which Wazwaz and Taleb Wazwaz arranged for Taleb's younger brother, JW, to purchase the property listed above by paying \$179,715.85 to Iman Sun Properties, which she knew to be

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an alter ego for Taleb Wazwaz, a material fact of which she knew the lender was unaware.

All in violation of Title 18, United States Code, Section 371.

COUNTS 2-7

(18 U.S.C. § 1343: Mortgage Fraud Through Interstate Wire)

41. The grand jury realleges and incorporates by reference the allegations made in paragraphs 1 through 40 as though fully stated herein for the purpose of alleging the substantive wire fraud offenses in Counts 2 through 7 below.

42. On or about the dates set forth below, in the State and District of Minnesota and elsewhere, the defendants,

**FAWAZ MAHMOUD WAZWAZ, AND
GENEVIEVE MARIE MCCULLOUGH,**

each aiding and abetting the other, for the purpose of executing the aforementioned scheme to defraud, did knowingly transmit and cause to be transmitted in interstate commerce, by means of wire communications, certain signals and sounds, as further described below:

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Count	On or About Date	Description of Interstate Wire	Residential Transaction Involved
2	June 10, 2005	Electronic transfer of \$307,135.63 from "NYLTD Funds Control NY" located outside of the state of Minnesota to Associated Bank, Minneapolis located within the state of Minnesota	AJ purchase of XXX Capitol Heights, St. Paul, MN
3	June 10, 2005	Electronic transfer of \$307,135.63 from "NYLTD Funds Control NY" located outside of the state of Minnesota to Associated Bank, Minneapolis located within the state of Minnesota	AJ purchase of XXX Western Avenue N., St. Paul, MN
4	June 15, 2005	Electronic transfer of \$259,590.36 from "DBTCO Americas NYC" located outside of the state of Minnesota to Associated Bank, Minneapolis located within the state of Minnesota	Taleb Wazwaz purchase of XXXX 16th Avenue S., Minneapolis, MN
5	June 23, 2005	Electronic transfer of \$343,000.16 from "DBTCO Americas NYC" located outside of the state of Minnesota to Associated Bank, Minneapolis located within the state of Minnesota	Taleb Wazwaz purchase of XXXX 11th Avenue S., Minneapolis, MN

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6	July 22, 2005	Electronic transfer of \$366,857.09 from "NYLTD Funds Control NY" located outside of the state of Minnesota to Associated Bank, Minneapolis located within the state of Minnesota	Taleb Wazwaz purchase of XXXX Cedar Avenue S., Minneapolis, MN
7	September 15, 2005	Electronic transfer of \$663,993.67 from "NYLTD Funds Control NY" located outside of the state of Minnesota to Associated Bank, Minneapolis located within the state of Minnesota	JW purchase of XXX Washington Avenue S., #506, Minneapolis, MN

All violation of Title 18, United States Code, Sections 1343 and 2.

COUNT 8

(18 U.S.C. § 1341: Mortgage Fraud Through Use of Commercial Interstate Carrier)

43. The grand jury realleges and incorporates by reference the allegations made in paragraphs 1 through 40 as though fully stated herein for the purpose of alleging the substantive mail fraud offense in Count 8 below.

44. On or about the date set forth below, in the State and District of Minnesota and elsewhere, the defendants,

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**FAWAZ MAHMOUD WAZWAZ, AND
GENEVIEVE MARIE MCCULLOUGH,**

each aiding and abetting the other, for the purpose of executing the aforementioned scheme to defraud, did knowingly cause to be deposited a matter and thing to be sent and delivered by DHL, a commercial interstate carrier, as set forth below:

Count	On or About Date	Description of Interstate Mailing	Residential Transaction Involved
8	July 22, 2005	DHL Express Mailing from Direct Title, Edina, MN to National City Bank, Plymouth, MI	Taleb Wazwaz purchase of XXX Washington Avenue S., #XXX, Minneapolis, MN

All in violation of Title 18, United States Code, Sections 1341 and 2.

FORFEITURE ALLEGATIONS

Counts 1 through 8 of this Indictment are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

As the result of the offenses alleged in Counts 1 through 8 of this Indictment, the defendants shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any property, real

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or personal, which constitutes or is derived from proceeds traceable to the violations alleged in Counts 1 through 8 of the Indictment.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and by Title 28, United States Code, Section 2461(c).

All in violation of Title 18, United States Code, Sections 2, 371, 981(a)(1)(C), 1341 and 1343.

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON